



# Foster City Financial Update FY 14/15 Q2

City of Foster City  
Financial Services Dept.

Live, Work & Play  
in Foster City

## City is Fiscally Sound at the Mid-Point of FY 2014-2015. General Fund Expected to Finish FY 2014-2015 with \$25.6 million in Reserves

The economic forecast for the City's General Fund has improved through the midway point in the fiscal year due to increases in property tax revenues and strong development activity in the City.

Based on the recently completed Comprehensive Annual Financial Report (CAFR), the City's available General Fund reserves began the fiscal year with \$23.8 million. The City's latest projections indicate that the General Fund is likely to finish FY 2014-2015 with \$25.6 million in reserves. Revenues are trending higher than budget by nearly \$2.2 million. After reducing these additional revenues with carryover encumbrances from FY 2013-14 and supplemental appropriations for the current fiscal year totaling 749,000, the General Fund is projected to end the fiscal year with an additional \$1.5 million above the adopted budget surplus of \$352,000.

The City has received its first installment of property tax revenues, which confirmed the estimates received from the County Controller in September 2014 that property taxes are expected to beat original estimates by nearly \$723,000. Property taxes comprise 54% of all General Fund revenues. Assessed values (AV) of properties were adjusted higher in cases where the property owners had previously received AV reductions. The City had anticipated some AV recovery, but not to the extent that was ultimately issued through the rulings of the Assessment Appeal Board or through updated appraisals conducted by the Assessor's Office. In addition, early indications from the County show an Educational Revenue Augmentation Fund (ERAF) refund of at least \$1.335 million, which is \$835,000 higher than our budgeted amount of \$500,000.

Transient Occupancy tax (TOT), revenues are expected to add \$143,000 more to the City's coffers than our budgeted amount of \$2.07 million as the economic recovery continues in the region.

Sales tax revenues, are expected to meet original

projections of \$3.1 million based on receipts through the 1st half of the year as well as the analysis and projections provided by our sales tax monitoring consultant.

Permits and development fee revenues are expected to beat original budget estimates by \$208,000 and \$255,000 respectively as project activity remains vibrant in the foreseeable future.

In addition to the City's General Fund, the City's other funds have generally shown stability in the first six months of the fiscal year.

Measure A sales tax and gas tax revenues are at 54.4% and 59.5% of the annual budget respectively and expected to meet the original forecasts of \$602,000 and \$817,000.

The State of California, imposes an excise tax of \$0.18 per gallon of fuel sold. Since this is a fixed rate, it is not directly impacted by the recent declines in retail gas prices at the service stations. Staff expects to achieve its budgeted revenue target of \$817,900 by year end.

Park in Lieu fees are also expected to meet budget projections at \$4.095 million. These fees will allow the City to fund the necessary park improvements to meet the demands put on the park system as a result of increased population from new development.

Capital Asset Acquisition and Replacement Fund, the City received \$30.2 million for the sale of its 15 acre site.

Water revenues are at 46% of the annual budget as the community has stepped up conservation efforts in response to the continued dry conditions. As a result, projected revenues for the full year has been scaled down by \$280,000 to \$11.342 million.

Wastewater revenues are 50.4% of the annual budget and are meeting expectations.

These positive trends bode well for the City's long-term financial forecasts as we approach the FY 2015-2016 budget cycle.